

SENATE BILL 2583
By Atchley

AN ACT to amend Tennessee Code Annotated, Title 8, Chapter 37, Part 2, to authorize the purchase of certain retirement credit in the Tennessee Consolidated Retirement System through monthly installments.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 8-37-214(b), is amended by deleting it in its entirety and by substituting instead the following:

(b) Any back payment or redeposit must be made in a lump sum, unless otherwise authorized in Section 2 of this act.

SECTION 2. Tennessee Code Annotated, Title 8, Chapter 37, Part 2, is amended by adding a new section thereto as follows:

8-37-2____. (a) Subject to the conditions set forth in this section, the board of trustees may promulgate substantive and procedural rules to permit members, including retired members, to establish the retirement credit authorized in chapters 34-37 of this title through equal monthly installments over a period not to exceed the number of months of service to be established under the applicable code section or sixty (60) months, whichever is less. Such rules, if any, shall set forth the date on which the retirement system may begin accepting monthly installment payments pursuant hereto. Nothing in this section shall be construed to allow a member or retired member to establish

retirement credit unless such member otherwise meets all the eligibility requirements to establish the credit.

(b) Notwithstanding any provision of the law to the contrary, this section shall have no application to the following code sections: §§ 8-34-605(a), 8-34-612, 8-34-620, 8-34-623, 8-35-317, and 8-36-105. Any payment required to establish retirement credit under said sections must be made in a lump sum and cannot be made in monthly installments.

(c) Any member or retired member electing to purchase retirement credit through monthly installments must make such payments by electronic transfer. Each installment shall be due and payable on the first business day of each calendar month during the payment period. In the event any member or retired member fails to remit the full amount of an installment within sixty (60) calendar days after its due date, the retirement system is authorized to refund to such member all installment payments made for the retirement credit being established. In that event, the member or retired member shall not be permitted to purchase any retirement credit through monthly installments for a period of three (3) years from the date of the refund.

(d) The right of a member or retired member to establish retirement credit through monthly installments shall cease upon such member's death. In that event, any installment payments made by the member or retired member under an installment payment plan which is incomplete on date of the member or retired member's death shall be paid in a lump sum to the person or persons nominated by such member pursuant to § 8-36-121, if living, otherwise to such member's estate in accordance with § 8-36-120.

(e) Retirement credit being established through monthly installments cannot be used in determining any rights or benefits under the retirement system until all payments for the same have been received by the retirement system.

SECTION 3. This act shall take on July 1, 1996, the public welfare requiring it.

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